

We offer the following in response to the request for comments regarding the establishment of a health insurance exchange in Illinois ("Exchange"). Specifically, we offer the following comments regarding the structure and governance of the Exchange.

Pursuant to enabling legislation added to the Illinois Insurance Code and possibly implementing regulations, the Exchange should be organized as either an unincorporated association or as a not-for profit corporation, but not as an agency of state government. In this regard, the three guaranty funds in Illinois are examples. The Exchange would be governed by a Board of Directors whose representatives could be appointed by a combination of the Illinois Director of Insurance and others including leaders in the General Assembly. The appointees would be from various sectors so as to give broad, appropriate representation.

The Exchange would be operated according to a plan of operation that must be approved by the Illinois Director of Insurance. Here, governance models that have worked successfully for many years are the three Illinois guaranty funds. The Plan of Operation for the Exchange should require open meetings, a rigorous and open contract awarding process and a scrupulous conflict of interest policy. The Exchange should be operated by an executive director or chief executive officer who is responsible to the Board.

While the scale of the Exchange will be significantly larger than the three Illinois guaranty funds combined, these funds have worked well and, in our view, provide an excellent starting point in considering the structure and governance of the Exchange.